IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT – CHANCERY DIVISION

GARY D. CHODES, Plaintiff, vs. OASIS LEGAL FINANCE OPERATING COMPANY LLC, and OASIS LEGAL FINANCE HOLDING COMPANY LLC Defendants.	)	Case No. 16 CH ----- 2016CH09317 CALENDAR/ROOM 06 TIME 00:00 Declaratory Jdgmt The Honorable

VERIFIED COMPLAINT FOR DECLARATORY JUDGMENT AND DAMAGES

Plaintiff Gary D. Chodes, for his complaint for declaratory judgment and for damages, pleads and states as follows:

1. Plaintiff Gary Chodes ("Plaintiff" or "Chodes") seeks to enforce the written Employment Agreement he had with Defendant Oasis Legal Finance Operating Company LLC ("Oasis OpCo" or the "Company") for whom he served as Chief Executive Officer ("CEO") from 2004-2013.

2. The written Employment Agreement is detailed and specific, and it guaranteed Plaintiff, in a single lump sum, three years of base salary compensation if he was terminated for convenience and not cause (as "Cause" is defined in the Employment Agreement), as well as, three years of specified benefits. Plaintiff has not been paid the contractual severance to which he is owed under the Employment Agreement, the value of which exceeds $1.8 million.

3. Plaintiff, as set forth in more detail herein, seeks a declaratory determination (and accompanying damages) that Plaintiff was terminated in 2013 as CEO of Oasis OpCo for convenience and that no basis for a "for Cause" termination existed given the extremely narrow contractual definition of "Cause" which in essence requires proof that Plaintiff acted with the

intent of harming the Company in a material manner. Plaintiff also seeks declaratory relief as to the status of the "Special Units" in Oasis Legal Finance Holding Company LLC ("Oasis HoldCo") which Plaintiff had been issued, which are in effect shares of stock which are redeemable upon the sale of Oasis HoldCo, which is imminent. Plaintiff also seeks payments of his 2012 performance bonus, which was non-discretionary and based on EBITDA targets which the Company achieved.

4. Oasis OpCo attempted to save itself the nearly $2 million in severance by sending Plaintiff a notice of termination on June 26, 2013 from a different entity – Oasis HoldCo – purporting to tell him that he had been terminated as CEO of Oasis OpCo effective on that date for cause. The key issues in this case are (1) whether Oasis OpCo can claim a for cause termination when Plaintiff's Employment Agreement was terminated by a Special Committee of the Board of Oasis HoldCo, and not by Oasis OpCo; and (2) whether such termination was for cause or for convenience, as termination for convenience triggers obligations by Oasis OpCo to Chodes of a lump sum payment of three years' base salary and other benefits; (3) whether Plaintiff's ownership of the Special Units is conditioned on his continued status as CEO of Oasis OpCo.

5. As will be demonstrated herein, there were no grounds for Oasis OpCo (or HoldCo) to terminate Chodes for cause. Chodes was a successful steward of Oasis OpCo, he acted with the best interests of the Company in mind, and he had successfully grown the Company from a small startup in 2002 to a company that was nearly sold in 2012 for more than $100 million.

6. Of critical importance to this case is the fact that the Employment Agreement does not leave the concept of "for cause" termination to the discretion of the company. In 2004,

Plaintiff knew that he was potentially turning over control of the company he founded to a hedge fund he did not, at that time, know well and he recognized that, while he would remain CEO, D.E. Shaw ("Shaw"), if it became the majority shareholder (which it eventually did), would be able to remove Plaintiff as CEO if it so chose. Plaintiff wanted protections in the event Shaw decided it no longer wanted to work with Plaintiff.

7. Accordingly, Plaintiff bargained for and received an Employment Agreement that has a specific and very narrow definition of cause that must be met in order for Oasis OpCo to terminate without paying the three years' severance and benefits. Under the clear terms of this Employment Agreement, Oasis OpCo cannot simply decide it does not like Plaintiff and call it a for cause termination. Oasis OpCo cannot even consider the existence of poor profitability in and of itself to be a basis for a for cause termination.

8. Instead, the definition of cause in Plaintiff's Employment Agreement essentially requires proof of intentional malfeasance or intentional neglect. But even that is not enough as the effect of any such intentional malfeasance or neglect must be material. In order for Oasis OpCo to establish a basis for a "for cause" termination, it must prove acts of neglect or malfeasance, it must get inside Plaintiff's head and prove he was acting with an intent to harm the company, and it also must prove that the effect was material. None of the so-called grounds for "for cause" termination stated by the Oasis HoldCo Special Committee come anywhere near this narrow and exacting definition.

9. There was no "Cause" for Plaintiff's termination, and he was therefore terminated for the convenience of the majority owner of Oasis HoldCo because Plaintiff objected to self-dealing by that majority shareholder (which was, and remains, an LLC controlled by hedge fund giant D.E. Sbaw), and by the majority shareholder's designated manager Stellus Capital

Management LLC ("Stellus"), which itself is an entity that spun-off from Shaw. In addition, Plaintiff and Stellus began to clash over strategy and direction, and Plaintiff had declined to renegotiate his compensation to a substantially lower guaranteed salary

10. Friction between Plaintiff and Shaw and Plaintiff and Stellus started to become an issue toward the September 2012 time period after a potential $100 million sale of Oasis to another private equity firm fell through.

11. As part of the post-mortem analysis of the failed deal prepared by Oasis' investment banker, Oasis was advised to refinance its $23 million debt to a Special Purpose Vehicle ("SPV") created and controlled by Shaw. Shaw profited from the fact that this SPV was charging compounding interest in excess of 20%.

12. Plaintiff had long advocated refinancing that debt, but in the wake of the failed transaction, he stepped up his efforts to push Stellus and Shaw to agree to pursue refinancing of this debt to a much lower rate of interest. Shaw and Stellus wanted Plaintiff removed as CEO because he had the temerity to push for such refinancing at a time when Plaintiff knew and proved that financing could have been procured at less than half of that compounding interest cost.

13. In addition, Plaintiff objected to Stellus' decision to shut down a Social Security disability advocacy business line extension of Oasis OpCo because Stellus was worried that Oasis, through the disability advocacy business, would become a successful competitor to Binder & Binder, in which Stellus was heavily invested. Plaintiff vigorously argued that Stellus was placing its own independent interests before those of Oasis, to whom Plaintiff owed his fiduciary duty.

14. Plaintiff and one of the Stellus managers also developed conflicts over

micromanagement by Stellus of decisions that were plainly, as set forth in the LLC agreement of Oasis OpCo, within the authority of the CEO to make.

15. In addition, in December 2012 and January 2013, Stellus asked Plaintiff to renegotiate his Employment Agreement to a much lower guaranteed base salary from the base of $557,500 for which he had negotiated in 2011.

16. Relations reached a point in February 2013 that Plaintiff and Oasis OpCo agreed that Plaintiff would leave his role as CEO and, for a period of time, assume the newly created and largely ceremonial role of non-executive chairman.

17. Ultimately, discussions between Plaintiff and Stellus over the terms of Plaintiff's departure broke down, largely over Stellus' insistence on monetary terms that contradicted the terms of Plaintiff's Employment Agreement and Stellus' insistence on non-compete provisions that exceeded the scope of the non-compete in Plaintiff's Employment Agreement.

18. But there was no doubt that Plaintiff was leaving his role as CEO of Oasis OpCo, and that such departure was at the request of Stellus, and that the specter of for cause termination was not even present.

19. It is clear from numerous emails discussing Plaintiff's departure from the February through April 2013 timeframe that no "for cause" basis existed which met the contractual threshold required in Plaintiff's Employment Agreement. This fact is also confirmed in the Consolidated Financial Statements and Independent Auditors Report for the period ending December 31, 2012 prepared by Oasis HoldCo's auditors FGMK LLC. This report was signed by FGMK on April 26, 2013, and it states in Note 12 to the Consolidated Financial Statements that "[i]n February 2012, the Company's [Oasis HoldCo's] Board of Managers and the CEO entered into negotiations to terminate the CEO's employment with the Company. As a result of

these negotiations, the Company may record a severance liability of approximately $1.8 million in 2013 in accordance with the employment agreement."

20. In fact, the biggest point of disagreement in these negotiations was Stellus' insistence that the severance be paid out over three years (and thus not fully recognized in the fiscal year 2013 financial statements) when the Employment Agreement plainly called for it to be paid within 15 days of termination "in a lump sum." Plaintiff never agreed to waive his right to receive severance in a lump sum payment, nor did he agree to a more restrictive non-compete than is contained in his Employment Agreement.

21. Plaintiff's refusal to agree to waive or modify his contractual rights, and the continued conflict over the self-dealing by the majority shareholder and its chosen manager led Shaw and Stellus to "suspend" Plaintiff by letter on May 3, 2013 and to establish a Special Committee of Oasis HoldCo to "investigate" Plaintiff. This all occurred one week after the audited financials had already confirmed that Plaintiff had, for months, already agreed to leave his CEO position.

22. The "suspension" was actually a termination as there was no provision in Plaintiff's Employment Agreement that allowed for a suspension and the "suspension" terminated Plaintiff's ability to perform any function of his job, to access company materials, or to communicate with employees of the Company or its customers. Plaintiff even was required to turn over all company property and equipment, just like any terminated employee would have to, but he had to do it at someone's home as he wasn't allowed on Company property. Further, during the "suspension", Oasis began to inform employees, vendors, customers and its bankers that Plaintiff had been terminated.

23. Nonetheless, almost two months later, on June 26, 2013, the Oasis HoldCo

Special Committee purported to tell Plaintiff via letter that he had been terminated, specified the termination date as of June 26, 2013, and in support of this purported termination, the Special Committee confabulated grounds for termination for cause which are entirely contra-factual, and, even if true, fail to meet the conditions for a "for cause" termination under Plaintiff's Employment Agreement with Oasis OpCo.

24. As a consequence of the self-serving characterization of Plaintiff's termination as having been for cause, he has not been paid the three years' severance he is due under his Employment Agreement with Oasis OpCo, he was not paid his 2012 bonus despite meeting the agreed upon EBITDA target, and the status of his Special Units in Oasis HoldCo is unclear.

25. Plaintiff thus seeks a declaratory judgment that his termination was for convenience and not cause, that none of the requirements for a termination for cause have been met, and that he is owed the severance specified under the Employment Agreement. Plaintiff further seeks a declaratory judgment that he remains the owner of the Special Units he was issued in 2007. Plaintiff also seeks payment of the bonus for the year 2012 which Stellus refused to authorize or have Oasis OpCo pay.

THE PARTIES

26. Plaintiff Gary Chodes ("Chodes" or "Plaintiff") is and at all times relevant hereto has been a resident of Highland Park, Illinois.

27. Defendant Oasis Legal Finance Operating Company LLC ("Oasis OpCo") is a Delaware LLC with its principal place of business in Rosemont, Illinois.

28. Defendant Oasis Legal Finance Holding Company LLC ("Oasis HoldCo") is a Delaware LLC with its principal place of business in Rosemont, Illinois.

VENUE AND JURISDICTION

29. Venue is proper in this Court because Defendant Oasis OpCo is located in Cook County, transacts business in Cook County, and many of the operative facts occurred in Cook County.

30. Venue is also proper in this Court because the Employment Agreement that is the subject of this lawsuit contains a Venue and Jurisdiction clause stating that the Parties "irrevocably agree that all actions or proceedings in any way ... related to this [Employment] Agreement shall be litigated only in courts having sites in Cook County, Chicago, Illinois. Each party hereby consents and submits to the personal jurisdiction in the State of Illinois and waives any right such party may have to transfer the venue of any such action or proceeding." (Section 21)

31. Venue in the Chancery Division is further proper under General Order No. 1.2, 2.1(b)(1) which states that "[t]he General Chancery Section hears actions and proceedings, regardless of the amount of the claim, concerning ... declaratory judgments" and this case substantially involves numerous claims for declaratory judgment as set forth herein.

HISTORY OF OASIS

32. Plaintiff founded Oasis in December 4, 2002 as Legal Recovery Finance LLC ("LRF") to provide financing to plaintiffs involved in litigation. LRF changed its name to Oasis Legal Finance Group LLC ("Oasis Group") on September 12, 2003. Around the same time, Plaintiff formed Oasis Legal Finance LLC ("OLF") as a subsidiary of LRF to facilitate certain financing for plaintiffs that required regulatory licensing.

33. During 2003 – 2004, Oasis Group continued to originate, service and advance financing to plaintiffs and also began to make loans to law firms involved in litigation. To the

extent these activities required a license, they were typically conducted through OLF.

34. As is fairly typical for a startup company, Plaintiff had several partners who joined him shortly after LRF was formed in 2002. Plaintiff, and his partners who were with him at the time LRF was founded, were the only owners of LRF and they entered into an Operating Agreement on December 13, 2002 which made Plaintiff the sole manager of LRF.

35. Over time, Oasis Group (f/k/a LRF) took on institutional equity investors. Beginning on July 13, 2004, Oasis Group entered into a series of transactions with hedge fund giant D.E. Shaw. This was accomplished through the creation of a new Oasis Group subsidiary called Oasis Legal Finance Operating Company LLC. A true and correct copy of Oasis OpCo's Limited Liability Company Agreement is attached as **Exhibit A**. A portion of Oasis OpCo was then sold to Shaw on August 6, 2004 providing growth equity capital. Certain assets of Oasis Group were then transferred to Oasis OpCo. Oasis Group licensed its brand and other intellectual property to Oasis OpCo and OLF for the benefit of their respective shareholders. In addition, Oasis Group, Oasis OpCo and OLF provided services to Shaw under the five-year Master Servicing Agreement ("MSA") and sold certain plaintiffs funding assets to Shaw under the five-year Master Purchase Agreement ("MPA"). OLF, including its regulatory licenses, were assigned to Oasis OpCo and became a wholly owned subsidiary of Oasis OpCo.

36. In or around 2007, the MSA and MPA were mutually terminated. Shaw then invested more money in Oasis OpCo and obtained a controlling stake of approximately 80%. Shaw then transferred its equity interests from one affiliate to another (originally "Laminar Direct Capital L.P." invested in Oasis OpCo, but such interest was transferred via assignment to "D.E. Shaw Composite Side Pocket Series 5, LLC"). The vast majority of the remaining 20% of Oasis OpCo was owned by Oasis Group, which came to be controlled by Plaintiff. Plaintiff also

has a small number of shares of Oasis OpCo in his name that were independent of the ownership held by Oasis Group.

37. Also, on August 6, 2004, an Employment Agreement was executed between Plaintiff and Oasis OpCo securing Plaintiff's services as CEO of Oasis OpCo. A true and correct copy of the Employment Agreement is attached as **Exhibit B**. The Employment Agreement was subsequently amended on February 27, 2007 to extend the term and raise the compensation (a true and correct copy of the February 27th amendment is attached as **Exhibit C**), and was again similarly amended via emailed agreement on October 24, 2011 extending the term through 2014 (a true and correct copy of the October 24th amendment is attached as **Exhibit D**). The amendments all dealt with the length of the agreement and issues of compensation. The provisions governing termination and compensation due upon termination for cause or without cause did not change through amendment (except, as it relates to the amount of Plaintiff's severance, as his base compensation was increased over time).

38. On October 27, 2010, Oasis Legal Finance Holding Company LLC ("Oasis HoldCo") was created and Oasis OpCo became a wholly owned subsidiary of Oasis HoldCo. A true and correct copy of Oasis HoldCo's Second Amended and Restated Limited Liability Company Agreement is attached as **Exhibit E**. Shaw's, Oasis Group's and Plaintiff's respective ownership stakes in Oasis OpCo were shifted to ownership of Oasis HoldCo with Oasis HoldCo becoming the sole owner of Oasis OpCo.

39. Plaintiff, however, remained employed by Oasis OpCo and never signed an agreement to become employed by Oasis HoldCo. Oasis OpCo paid Plaintiff's compensation.

40. Oasis was a success, and Chodes presided over the growth of the company, guiding it through the financial crisis and the difficulties that the financial crisis posed for all

businesses, particularly finance companies.

41. As the economy came out of the financial crisis in 2011 and 2012, friction began to develop between Plaintiff and Shaw, and also between Plaintiff and Shaw's chosen manager Stellus Capital Management LLC ("Stellus") over strategic decisions.

42. Stellus was created in January 2012 when Shaw decided to spin off the private equity finance businesses it owned into a stand-alone company. Oasis remained with Shaw as a "legacy" asset, but the former employees of Shaw that managed the private equity finance business moved to the newly formed Stellus. Stellus was paid by Shaw to serve as the Shaw appointed managers of Oasis HoldCo and oversee its investment in Oasis.

43. The initial source of friction began when Plaintiff objected to the way an affiliate of Shaw was providing financing to Oasis. In particular, when traditional credit sources dried up during the financial crisis, Shaw created a Special Purpose Vehicle ("SPV") that loaned money to Oasis at high interest rates that compounded semi-annually in excess of 20%. Given the difficulty in obtaining credit at that time, Plaintiff was amenable to these relatively expensive terms.

44. However, as the capital and finance markets began to ease in their willingness to provide credit, Plaintiff formed the opinion that the terms of the SPV financing were oppressive and that the debt load could be significantly lessened by refinancing through more traditional means at much lower interest rates.

45. Plaintiff's concerns were confirmed by the ultimate disintegration of a $100 million sale of Oasis to another private equity firm in 2012, as a substantial reason the buyer ultimately walked away involved the negative effect the SPV debt had on Oasis' books. The material role of the SPV debt in the ultimate abandonment of 2012 sale was confirmed by the

conclusions of Oasis HoldCo's investment banker, FBR, which explicitly recommended in the fall of 2012 that the Shaw debt be refinanced at much lower market rates to increase the valuation of Oasis.

46. As he had previously, Plaintiff again in late 2012 investigated alternative sources of financing and presented the options to Shaw and Stellus. Nonetheless, Shaw/Stellus ignored the conclusions of FBR and the evidence of the availability of lower priced credit presented by Plaintiff. In fact, Stellus, as manager of Oasis, allowed the SPV credit facilities to rapidly grow through unabated compounding. The original principal provided by Shaw of approximately $23 million has now nearly tripled to a debt to SPV of over $60 million as it, to this day, has never been refinanced or paid down.

47. Plaintiff felt that this debt load and the self-dealing nature of the SPV financing were harmful to the Company and to the interests of the minority shareholders such as Plaintiff and Oasis Group, as Shaw would make money off of the high interest rate debt at the expense of the minority shareholders.

48. Also in 2012, friction developed between Stellus and Plaintiff over the Social Security disability advocacy business Plaintiff began to build within Oasis. Stellus was fully informed of the formation and progress of Oasis' disability advocacy business. Stellus even chose to highlight the disability advocacy business in slide decks presented to prospective purchasers of Oasis in 2012 when Oasis was being marketed by its investment banker FBR.

49. Nonetheless, in late 2012, Stellus ordered Plaintiff to shut down the disability advocacy business and to fire the employees that had been hired to manage and service the business, even though no board meeting had been convened to discuss the discontinuation of the business.

50. Stellus' order to shut down Oasis' Social Security disability advocacy business came mere days after Stellus' announcement of the initial public offering of its newly-formed affiliate Stellus Capital Investment Corp., which raised $120 million for Stellus; part of the value of which was being justified to IPO investors by Stellus' investment in Binder & Binder ("Binder"), the nation's largest Social Security disability advocacy firm.

51. Plaintiff informed Stellus that he believed Stellus now had a conflict of interest post-IPO due to Stellus' substantial investment in Binder.

52. It was apparent to Plaintiff that Stellus did not want Oasis' Social Security disability business to become a competitor to Binder and undermine Binder's business, which could be detrimental to Stellus' investors in its newly public affiliate. Stellus owed absolute fidelity and a fiduciary duty to Oasis and Oasis' shareholders yet Stellus chose to make decisions to benefit Stellus' own interests to the detriment of the interests of Oasis and its minority shareholders. This represented, in Plaintiff's view, a clear conflict of interest and breach of fiduciary duty. Plaintiff disagreed with Stellus' directive (which was not a board directive but a directive from Stellus), leading to conflict and rancor. Nonetheless, Plaintiff complied with Stellus' demand and shut down Oasis' disability advocacy business.

53. Relations between Stellus and Shaw, on one hand, and Plaintiff, on the other, deteriorated to the point that in February 2013, Plaintiff agreed to leave his position as CEO and to serve for a time in the largely ceremonial post of non-executive chairman. Even though Plaintiff had agreed to leave his CEO position at Stellus/Shaw's request, Stellus/Shaw pursued an effort to negotiate terms of Plaintiff's departure that were inconsistent with Plaintiff's rights under the Employment Agreement. Negotiations over Stellus/Shaw's efforts to modify the Employment Agreement continued during the Spring of 2013.

54. On May 3, 2013, after Plaintiff had refused to modify his Employment Agreement, Plaintiff was informed that a so-called "Special Committee" of the Board of Oasis HoldCo had been formed to investigate malfeasance purportedly committed by Plaintiff, and Plaintiff was "suspended", and not paid, during the pendency of the Special Committee's investigation. A true and correct copy of the May 3rd Letter is attached as **Exhibit F**.

55. On June 26, 2013, Plaintiff was informed by the Oasis HoldCo Special Committee that he was being terminated with cause effective immediately. A true and correct copy of the June 26th Letter is attached as **Exhibit G**.

OASIS OPCO'S FAILURE TO ESTABLISH A TERMINATION FOR CAUSE

56. Plaintiff and Oasis OpCo executed a document entitled "Employment Agreement" on August 6, 2004 setting forth the terms under which Plaintiff would serve as the Chief Executive Officer of Oasis OpCo.

57. The Employment Agreement was amended and extended on February 22, 2007 and October 24, 2011.

58. The Employment Agreement specified Plaintiff's base compensation, and the compensation amounts were amended from time to time thereafter.

59. The Employment Agreement provided that Plaintiff would be paid a base salary. The most recent amendment to the Employment Agreement on October 24, 2011 specified that Plaintiff's base salary would be $557,500 retroactive to July 1, 2011 and that it would be increased annually "based on CPI."

60. Plaintiff was also provided a car allowance of $6000 per year, an annual "gross up" for employment taxes of approximately $12,000 and he was also eligible to participate in "any employee benefit plans and programs established" by Oasis OpCo "which benefit plans and

programs shall be at least as favorable as those currently [as of August 6, 2004] being provided" including medical, dental, group health, life insurance, disability, profit sharing, 401k or "any other benefit program adopted by the Company." Oasis OpCo was also obligated to pay for a term life insurance policy at "twice the amount of the Base Salary, as adjusted over the course of the Term."

61. In addition, through separate agreements, Plaintiff was granted 607.65 Special Units of Oasis OpCo which were converted on June 30, 2011 to Special Units in Oasis HoldCo. The Special Units must be redeemed from Plaintiff when a majority of the shares of Oasis HoldCo are sold and the value of the Special Units is pegged to a formula based on the purchase price of Oasis HoldCo upon such sale. Oasis HoldCo is currently in negotiations to be purchased and Plaintiff seeks a declaration that his Special Units must be redeemed upon the sale of the company.

62. The Employment Agreement contained explicit terms discussing what would happen upon Plaintiff's termination as CEO of Oasis OpCo.

63. Paragraph 8(F) provides that "[a] termination of Executive's [Plaintiff's] employment by the Company[1] without Cause" could occur "upon not less than 60 days' written notice from the Company to the Executive." Paragraph 9(B) provides that in the event of a termination without cause, in addition to the sixty days of pay following the receipt of the 60 day notice, Plaintiff is required to receive "severance equal to three years of Executive's then current base salary, and the continuation of medical and life insurance benefits for three years."

64. The gravamen of this lawsuit is a conclusive determination that Plaintiff's termination as CEO of Oasis OpCo was without cause, thereby entitling Plaintiff to the lump

[1] "Company" is defined as "Oasis Legal Finance Operating Company LLC" in the Employment Agreement.

sum of three years severance in the amount of $1,759,552.89, plus the three years of medical insurance premiums and three years of life insurance premiums, and the sixty days pay he is due under the notice period in the amount of $ 96,413.86.

65. Further, Plaintiff seeks a declaration that the Special Units in the Company awarded to Plaintiff in 2007 remain in his possession, and therefore that the Company must purchase his Special Units at the time the Company is sold. This matter is ripe for adjudication as Oasis is, at present, pursuing a sale with vigor, has hired an investment banker to market Oasis, and upon information and belief, Oasis is currently in an exclusivity period with a potential purchaser and is attempting to finalize the terms of a sale.

66. As further stated herein, while Oasis HoldCo ultimately sought to backfill its determination to terminate Plaintiff by characterizing the termination as "with cause", Oasis OpCo (the only entity with whom Plaintiff had an Employment Agreement) has failed to identify a basis for "cause" that meets the definition of "Cause" in the Employment Agreement, and Oasis OpCo failed entirely to follow the process and procedure which could trigger the termination for cause provisions of the Employment Agreement. Indeed, Plaintiff has never been notified by his employer Oasis ***OpCo*** that he has been terminated as the CEO. All notices came from a purported "Special Committee of the Managers of Oasis Legal Finance Holding Company LLC". Plaintiff's employment as CEO of Oasis OpCo was governed by the Employment Agreement, and that Employment Agreement was solely between Plaintiff and Oasis OpCo. Plaintiff had no employment agreement with Oasis HoldCo, and, only Oasis OpCo can terminate Plaintiff for cause.

67. Plaintiff seeks a declaration that termination occurred on a without cause basis on May 3, 2013 when Plaintiff received a letter from the HoldCo Special Committee purporting to

"suspend you from your position as Chief Executive Officer" without pay. No provision of Plaintiff's Employment Agreement provides for a suspension, and when the terms of the suspension purported to (i) bar Plaintiff from doing anything on behalf of the company, (ii) bar Plaintiff from using company property, (iii) bar Plaintiff from communicating with employees and customers and vendors of Oasis OpCo, such "suspension" was actually a termination, and the sole purpose of the so-called "suspension" was to allow the HoldCo Special Committee more time to try to cook up grounds for a "For Cause" termination after the negotiations with Plaintiff failed, with the end goal of trying to deny Plaintiff his bargained for severance while keeping Plaintiff's restrictive covenants in place. In fact, during Plaintiff's "suspension", Oasis told employees, vendors, customers and its bankers that Plaintiff had been terminated.

A. <u>The Requirements for Plaintiff to Have Been Terminated for Cause are Defined and Specific.</u>

68. Paragraph 8(C) is entitled "A termination by the Company for Cause" and states that "for purposes [of the Employment Agreement], the term 'Cause' means any or more of the following .... (ii) Executive's willful neglect or willful misconduct in the performance of Executive's duties hereunder that results, in either case, in material harm to the business or to the reputation of the Company; or (iii) Executive's intentional failure to perform those legal duties given to Executive by the Board which are not inconsistent with Executive's position(s) with the Company, following Executive's receipt of written notice of such failure to perform and Executive's failure to remedy such failure to perform within 30 days after receipt of such written notice."

69. Paragraph 8(C) also explicitly defines "willful", setting a very high standard that Oasis OpCo must meet in order to terminate Plaintiff for Cause based on willful neglect or willful misconduct. Specifically, Paragraph 8(C) states that "[n]o act or failure to act on the part

of Executive shall be considered 'willful' unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company." In other words, Oasis OpCo, in order to invoke a termination for cause under Section 8(C)(ii) for willful action, must establish that Plaintiff in effect had the ***subjective*** intent of harming Oasis OpCo.

70. The hurdles that must be overcome by Oasis OpCo to terminate Plaintiff "for cause" under the Employment Agreement are high and include:

a. If Oasis OpCo wished to terminate Plaintiff for cause under 8(C)(ii) for "willful neglect or willful misconduct" Oasis OpCo would have to establish that

   i. Plaintiff acted "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company"

   ii. That the purported acts of willful neglect or misconduct resulted "in ***material harm*** to the business or to the reputation of the Company" (emphasis added)

   iii. Oasis OpCo gave Plaintiff "written notice of termination for Cause ... which specifies in detail the particular action(s) or inaction(s) giving rise to termination for cause."

b. If Oasis OpCo wished to terminate Plaintiff for cause under 8(C)(iii) for "intentional failure to perform those legal duties given to Executive by the Board" Oasis OpCo would have to establish that

   i. Plaintiff "intentional[ly] fail[] to perform [] legal duties"

   ii. That those "legal duties" were "given to Executive by the Board"

   iii. That those "legal duties" were "not inconsistent with Executive's

position(s) with the Company"

iv. That Plaintiff received "written notice of such failure to perform" by OpCo, which could only be through OpCo's Board

v. That Plaintiff "fail[ed] to remedy such failure to perform within 30 days after receipt of such written notice" from OpCo

vi. and that Oasis OpCo gave Plaintiff "written notice of termination for Cause ... which specifies in detail the particular action(s) or inaction(s) giving rise to termination for cause."

71. As is discussed herein, Oasis OpCo failed to comply with these contractual requirements, as the so-called "written notice of termination" sent to Plaintiff on June 26, 2013 by a so-called "Special Committee of the Managers of Oasis Legal Finance Holdings Company LLC" fails to meet the requirements of the Employment Agreement despite purporting to terminate Plaintiff from his job as CEO of Oasis OpCo "for cause" by invoking Sections 8(C)(ii) and (iii) as the purported bases of termination and specifying certain actions or inactions therein.

72. The effort to characterize Plaintiff's termination as one "for cause" fails utterly on the face of the contract. None of the requirements for "for cause" termination have been met.

B. Plaintiff Could Only Have Been Terminated for "Cause" by Oasis OpCo, not Oasis HoldCo.

73. As an initial matter, a Special Committee of the Managers of Oasis HoldCo purported to terminate Plaintiff for cause from his position of CEO of Oasis OpCo. This Special Committee of Oasis HoldCo was not appointed by any resolution or action of the Managers of Oasis OpCo.

74. The Employment Agreement is between Plaintiff and Oasis OpCo. Plaintiff had no Employment Agreement with Oasis HoldCo, and Oasis HoldCo had no authority under the

Employment Agreement to terminate Plaintiff from his position as CEO of Oasis OpCo.

75. Indeed, Paragraph 8 makes clear that "[t]he Company shall give Executive written notice of termination for Cause ... which specifies in detail the particular action(s) or inaction(s) giving rise to termination for cause." The term "the Company" is defined in the very first sentence of the "Employment Agreement" to be Oasis OpCo. Yet, the decision to terminate and the purported notice of the "for cause" nature of the termination was made by a Special Committee of the Managers of an entirely separate LLC, Oasis HoldCo. HoldCo does not have a contractual right to terminate Plaintiff as CEO of Oasis OpCo on a for cause basis.

C. Oasis HoldCo's Purported Reasons to Terminate Plaintiff "For Cause" Do Not Meet the "For Cause" Definition of the Employment Agreement.

76. A June 26, 2013 letter for the Special Committee of the Managers of HoldCo purported to provide Plaintiff with "written notice of your termination for Cause in accordance with Section 15 of the Employment Agreement."

77. This letter invokes sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement claiming that Plaintiff "(a) engaged in willful neglect or willful misconduct in the performance of your duties that has resulted in material harm to the business or to the reputation of the Company, and (b) engaged in intentional failure to perform those legal duties given to you by the Board of Directors, even following your receipt of written notice of such failure and your failure to remedy such failure within 30 days (and in any event, such failure to perform was not remediable, under the circumstances."

78. The letter went on to assert that "[t]he investigation [by the Special Committee of the Board of HoldCo] yielded evidence of the following" and went on to list acts which HoldCo claims meet the contractual definition of "Cause" contained in sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement.

79. The June 26, 2013 letter is riven with factual misrepresentations and in fact Plaintiff committed no misconduct, as detailed herein. Further, even if Plaintiff committed the acts claimed by the June 26, 2013 letter, the acts do not rise to level of a "For Cause" termination as that term is defined in sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement. The purported acts justifying the for cause termination as discussed as follows.

1. Plaintiff Did Not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement Through His Activities in Trying to Build a Social Security Disability Business for Oasis OpCo.

80. Plaintiff had a long history of involvement with Social Security Disability-related businesses that pre-dated the formation of LRF. In fact, Plaintiff filed various patents related to Social Security benefits and licensed his intellectual property to various entities, including Oasis OpCo and Oasis Group.

81. Numerous individuals associated with the Oasis entities, including the Stellus Managers, were long aware of Plaintiff's patent applications, prior business ventures and activities related to Social Security Disability.

82. A Social Security Disability advocacy business assists individuals with obtaining disability benefits through the Social Security program. The services which an advocate provides vary based on the needs of the individual but may include assisting the prospective Social Security Disability beneficiary complete an application for benefits, serving as the applicant's representative at formal hearings related to the substantiation of disability, and responding to correspondence with the Social Security Administration related to the benefits process, including managing any related denials and appeals.

83. When Oasis' core business of consumer legal finance was thriving during the 2008 to 2010 timeframe, the Company looked into expanding its product offerings, including

adding tax preparation and structured settlement services that would complement its core business. After much research and deliberation, the decision was made to launch an effort into the disability services sector in 2011. Because disability claims often coincided with personal injury and workers compensation claims, among others, this product area complimented those of the core business. Oasis' Social Security disability services were first offered to the public in the Spring of 2012.

84. Around the same time, Oasis was being marketed by an investment banker to prospective purchasers. The prospective purchasers were made aware of and supported the expansion into Social Security Disability advocacy services as a potential source of future growth for Oasis.

85. The claim in the June 26, 2013 termination letter that the "Board" first learned of the scope of development related to Oasis' Social Security disability business in June 2012 is thus belied by the aforementioned discussions related to expanding the product offerings of Oasis and ultimately settling on Social Security disability and the fact that this particular business line extension was mentioned as part of the materials provided to prospective purchasers.

86. In fact, over six months prior, around September 2012, when the plans to sell Oasis were abandoned, Stellus recommended that Plaintiff pursue efforts to obtain outside financing for the Social Security Disability business so that it could be spun off as a separate company. Plaintiff had pursued outside financing for the Disability business (now being referred to as Disability Connection) in earnest.

87. This fact is confirmed because around early October 2012, Adam Pollock had a telephone conference with an attorney at MVA and the attorney was tasked with the preparation

of a Memorandum of Understanding regarding the spinoff of the Social Security Disability business.

a. Plaintiff Did Not Receive a "Directive" from the Board to Cease Activities Related to Disability Advocacy and He Therefore Could Not Have Ignored Any.

88. The June 26, 2013 letter from the Oasis HoldCo Special Committee purports to charge Plaintiff with disregarding notices and directives from "the Board of Directors" of Oasis HoldCo.

89. In fact, Plaintiff received no directives or notices from the Board of Directors of Oasis HoldCo related to the Social Security disability business, let alone from Oasis OpCo, which is the only Board of Directors Plaintiff is required to abide by under the express terms of the Employment Agreement.

90. In this respect, the language of Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement is critical, as Plaintiff can only be terminated for cause if he "fail[s] to perform those legal duties given to [Plaintiff] by the Board" and that he fails to remedy such a failure to perform within 30 days after receiving written notice from the self-same Board of such a failure.

91. Despite the language of the Employment Agreement, the Oasis OpCo LLC Agreement refers to its "Board" as "Managers." The word "Board" is not used in the LLC Agreement.

92. Nonetheless, Section 5.1 of the Oasis OpCo LLC Agreement states that "the powers of the Company shall be exercised by or under the authority of ... the Managers." Section 5.2 provides that "[t]he number of Manager positions shall initially be five (5)" and that "[t]he Majority of the Managers, in their discretion, may elect a Chairman of the Managers who shall preside at the meeting of the Managers." The LLC Agreement invests the Chairman with

no other powers other than to "preside at the meeting of the Managers." By Amendment dated September 28, 2008, the number of Managers was increased to seven.

93. Section 5.2 makes clear that no action is an action of the Managers (e.g. the Board) unless it is voted upon by the Managers. Specifically, 5.2 states that "the affirmative vote of a Majority of the Managers shall be the act of the Managers" and that "a Manager, acting individually in such capacity as a Manager ... shall have no authority to bind the Company."

94. As the CEO of Oasis OpCo, Plaintiff was made a Manager by Section 5.4 of the LLC Agreement. Thereby Plaintiff would have to receive notice of any Manager Meetings and would participate in the decisions that led to any votes taken by the Managers.

95. The Managers can only act through "an affirmative vote" and such an "affirmative vote" can only occur at a meeting of Managers which is a specific defined term in the LLC Agreement governed by Section 5.8 of the LLC Agreement which permits such meetings to "be held upon two (2) Business Days' prior notice to each Manager of such time and place" of a meeting.

96. In point of fact, there were no orders or directives issued to Plaintiff by "the Board" because there were no meetings of the Managers of OpCo in 2012 or even early 2013 from which an affirmative vote directing Plaintiff to do, or cease doing, anything would have occurred. Nor was there a notice resulting from an affirmative vote of "the Board" giving Plaintiff 30 days written notice to remedy a previous failure to perform a board directive which was authorized by an affirmative vote of the majority of the managers.

97. Any directive Plaintiff did receive was a communication from one of the five managers, which per Section 5.2 of the LLC Agreement, was not an action of the Board.

98. As further set forth below, besides the lack of a formal Board directive, Plaintiff

complied with the directions given by the Stellus Managers related to shutting down the Social Security Disability business and efforts to obtain financing despite Plaintiff's disagreement.

b. Plaintiff Did Not Ignore "A Legal Duty" Related to the Social Security Disability Business.

99. Contrary to the June 26th Letter, Plaintiff did not ignore a directive to cease dedicating resources to Oasis Disability on July 16, 2012 and later on November 14, 2012 and December 5, 2012.

100. Plaintiff did, in fact, comply with the request by Stellus to discontinue the Oasis disability business. However, Stellus had agreed that Plaintiff should first seek to spin-off the disability business to a third party, which Plaintiff pursued.

101. In a November 1, 2012 email, Plaintiff informed Adam Pollock of Stellus that Plaintiff had put together a deal to sell the Oasis disability business, and that Plaintiff himself would pay $50,000 to Oasis to purchase a portion of the spin-off business.

102. It is common, in fact necessary, for individuals seeking external investors to become part owner of the new entity as a symbol of faith in the venture, to limit the capital needed to be raised, and to ensure that all interested parties have some "skin" in the game. Plaintiff, experienced in selling start-up ventures, knew his equity participation was necessary to get a deal done and he proceeded accordingly.

103. The spin-off transaction Plaintiff put together would have provided Oasis with $50,000 cash, plus some upside for the business, and the cash component alone was comparable to the total investment Oasis has spent on launching the Disability business itself.

104. The next day, November 2, 2012, Adam Pollock responded by email. Mr. Pollock did not express any surprise that Oasis was still involved in the Social Security Disability business or that Plaintiff was seeking to find a purchaser for this line of business. The

November 2, 2012 email makes clear that Plaintiff had not ignored any prior directive Pollock had given and, in fact, the email made it clear that Pollock was well aware that Plaintiff was actively trying to market the disability business, which had to be operational in order to be of interest to prospective buyers or financing sources.. Instead, Pollock, in the November 2, 2012 email wanted to discuss the terms of the proposed spin-off deal and highlighted a number of key points of consideration.

105. It was not until November 14, 2012 that Adam Pollock sent an email rejecting the proposed spin-off and giving Plaintiff a "directive" to abandon and shut down the Social Security Disability business and cease efforts to spin it off. That email acknowledged that this decision had only been made recently, and was purportedly the result of much internal discussion within Stellus. It was in this email that Plaintiff for the first time was told to terminate employees related to the disability business and cease spending money on that business.

106. The abrupt about-face was surprising to Plaintiff, as a sale of the disability business would have generated an upfront $50,000 payment to Oasis plus future upside to Oasis based on the success of the new venture for Oasis. Instead, Plaintiff was ordered to shut down the business with Oasis receiving nothing in return.

107. Plaintiff knew that around this time a Stellus affiliate was going public and had suspicions that the IPO may have something to do with the decision to abandon disability. The Stellus IPO was announced on November 8, 2012. After-the-fact, Plaintiff learned that Stellus held a large position in Binder & Binder, a large player in the Social Security disability business. The effect of shutting down the Oasis disability business instead of selling it was that Binder would have one less competitor.

108. Plaintiff, despite his suspicions, complied with Pollock's direction. He fired the

staff and ceased marketing the disability service. In fact, the key employees hired for the disability advocacy business, Diana Gramenos and Angelika Paciorek, were both terminated and off the books of Oasis by the middle of November 2012, However, Oasis had already undertaken to act as advocates for its disability clients who approached the company prior to Mr. Pollock's instruction. Due dates existed for these clients and hearings had been scheduled in front of ALJ's. Plaintiff sought to ensure the clients could be serviced until they could be transitioned off to another provider of advocacy services. Plaintiff, in good faith, believed that to shut down the business and immediately cease advocacy services would have made Oasis, and the designated representative Diana Gramenos, vulnerable to litigation, possible regulatory sanctions, and subjected them to irreparable reputational harm. Plaintiff advised Stellus of these risks and Stellus agreed that a smooth transition out of the disability business was essential.

c. Plaintiff's Proposed Ownership in the Spin-off Disability Business Could Not Serve as a Basis for Cause Termination.

109. The June 26th Letter claims that Plaintiff violated his Employment Agreement by owning a portion of a spin-off Social Security disability business. But Plaintiff never owned or invested in the spin-off, because Pollock rejected the spin-off deal.

110. In fact, Plaintiff disclosed Plaintiff's proposed investment in the spin-off to Pollock, who rejected Plaintiff's proposed transaction. Moreover, even if Plaintiff purchased a part of a spin-off disability businesses, it would not have violated his Employment Agreement, as such passive ownership could not have created a conflict of interest or breach of fiduciary duty for Plaintiff since it was the Stellus Managers who decided to get out of the disability business such that the spin-off would not be competing with Oasis, which no longer had a business related to Social Security disability advocacy.

111. In addition, nothing in Plaintiff's Employment Agreement prevents him from

investing in any other company that does not either directly compete with Oasis or compromise his time and attention away from Oasis. As Plaintiff's proposed ownership in the spin-off was to be in the form of a passive investment, it could not have violated the Employment Agreement.

d. Plaintiff Did Not Receive Written Notice of Failure to Perform Nor Did Plaintiff Fail to Remedy Any Purported Failure.

112. After the November 14th email from Adam Pollock, which was the first time Pollock had directed Plaintiff to shut down the disability business, Plaintiff took steps to end Oasis OpCo's presence in disability, including terminating the employment of individuals who were brought on solely related to the disability business. In fact, Plaintiff terminated the two employees operating the disability business, Ms. Gramenos and Ms. Paciorek, after the November 2012 payroll.

113. Nonetheless, the transition out of the disability business was not as simple as flipping a switch. Oasis already had customers (*i.e.* signed clients) for whom it was obligated to complete its contractual services. Some of the individuals that were working with these clients were attorneys, and it could have been a violation of the ethical rules for them to immediately abandon their clients.

114. Likewise, Plaintiff was cognizant of the negative impact on the company's reputation, and the potential loss of current and former clients of Oasis' core business, that could result if Oasis abruptly dumped its disability clients. The transition, and (where necessary) completion of promised services, occurred as promptly as possible given these constraints.

115. The Stellus Managers were apparently unhappy that the former employees involved with Oasis' disability business left the company to form a new disability advocacy business called Disability Corner after they were terminated. This is neither the responsibility nor fault of Plaintiff, as those employees were free to look for employment elsewhere or to start

their own business. Nor did Disability Corner compete with Oasis given Stellus' desire for Oasis to leave the disability advocacy business.

116. If any former Oasis OpCo employees violated the terms of their employment agreements by signing on with Disability Corner, any potential claim would be against those former employees and not a purported termination for cause of the Plaintiff.

117. The June 26th Letter was the first time Plaintiff received written notice that the Stellus Managers believed he failed to perform his duties of shutting down the disability business. And that Letter served as the first and only formal notice that Plaintiff's termination was being deemed as "for cause", thus depriving Plaintiff of his contractual right to cure any purported non-performance within 30 days.

e. Plaintiff Did Not Act in Bad Faith or Without Reasonable Belief that His Actions Were in the Best Interests of the Company.

118. Because of his prior background in Social Security Disability, Plaintiff, and many other executives and Managers, believed that the disability business was one that complemented Oasis' core consumer legal finance business and was one that had the potential for future growth.

119. Plaintiff devoted modest resources (by the Stellus Managers' own estimation about $100K+) to develop this new business area – an amount that was not material. By all accounts, the services Oasis offered in the disability field were well received and successful.

120. The decision to shut down Oasis' disability business instead of pursuing the spin-off (which would have resulted in recoupment of $50,000 of Oasis' investment into disability and a 10% ownership interest in the spin-off) was made by the Stellus Managers. This unilateral decision, it is clear based on facts discovered afterwards, was made solely in the self-interest of the Stellus Managers who had just taken an affiliate of Stellus public in an IPO and

simultaneously acquired an interest in Binder & Binder – the major competitor to Oasis' disability business (and thus, a competitor to the new business known as Disability Corner that was managed by Diana Gramenos).

121. Because Plaintiff believed in the success and future of the disability business – a belief borne out by the Stellus Managers attempts to threaten and shut-down Disability Corner to preserve their interests in Binder & Binder -- he did not act in bad faith.

f. Plaintiff's Actions Did Not Result in Material Harm to the Business or Reputation of the Company.

122. Even by Stellus' own estimation, the investment into the Oasis Social Security Disability advocacy business line was about $100k+, which is not a material amount given the overall size and value of Oasis (which almost sold for $100 million). Therefore, Plaintiff's actions of starting the disability business did not result in material harm to the Company.

123. The fact that Oasis could have recouped $50,000 of its investment along with a 10% ownership stake in the spin-off further demonstrates the absence of harm, let alone harm that is material.

124. Nor did the Stellus Managers identify any reputational harm caused by Oasis entering the Social Security disability business. In fact, the only harm to Oasis' reputation that could have occurred vis-à-vis the disability business was if there was not an orderly transition of clients after the Stellus Managers' direction to shut down the disability business.

g. Plaintiff Did Not Receive Written Notice of Termination for Cause which Specified in Detail the Particular Actions or Inactions Giving Rise to Termination for Cause.

125. Plaintiff's Employment Agreement specifically required that he receive written notice of termination for cause which specified in detail the particular actions giving rise to termination. The June 26th Letter does not meet this standard as it is vague in terms of the

nature or extent of any purported harm nor does it identify any substantiating evidence (documents or testimony) to support the trumped up charges against Plaintiff.

126. With nothing more than the vague allegations of a four-page letter, Plaintiff was denied his contractual rights and unable to fully defend himself because the charges of "Cause" were merely conclusory.

b. Plaintiff Did Not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement by Terminating the SAA with Liberty Disability.

127. Consistent with Oasis' interest in entering into the disability business as set forth above, Oasis entered into a Strategic Alliance Agreement ("SAA") with Liberty Disability Advocates ("Liberty Disability") dated April 11, 2012. The SAA engaged Liberty Disability to provide disability advocacy services on behalf of prospective Social Security disability claimants sourced by Oasis that resided in a designated territory limited in geography to certain counties adjacent to Chicago (the "Territory"), where Liberty Disability had the ability to provide service coverage.

128. The SAA, which was reviewed and approved prior to execution by Michael Pekin, an Oasis HoldCo Special Committee Member, clearly stated that Oasis was establishing its own Social Security advocacy business outside of the Territory. Furthermore, Michael Pekin was aware that Diana Gramenos, prior to her hiring at Oasis, was formerly employed by an affiliate of Liberty Disability, and that she would be managing such business on Oasis' behalf.

129. In order for Plaintiff to have complied with the November 14, 2012 "directive" from Adam Pollock of Stellus to cease all activity related to disability advocacy, he had to try to terminate the SAA with Liberty Disability as the SAA's only purpose was to further Oasis' disability advocacy business.

130. Plaintiff thus sought to comply with the Stellus direction by seeking a way to terminate the SAA because Section 7.2 of the SAA contractually obligated Oasis to make a $3500 a month payment for 3 years. Plaintiff's negotiations to terminate the SAA did not result in litigation or any harm to Oasis.

131. If anything, it was the direction of Stellus to end the Social Security Disability advocacy business at Oasis that opened up the Company to potential litigation for breach of contract by Liberty Disability as such breach would only have occurred if Oasis failed to make the $3500 monthly payments – a distinct possibility given Stellus' direction to cease further expenditures on the Social Security disability business.

132. Regardless, Plaintiff immediately shut down any further expenditure of resources on disability, including attempts to negotiate a termination of the SAA, and fired employees who were brought aboard solely related to the disability business.

133. Plaintiff cannot be terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" because:

a. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because he sought to terminate the SAA with Liberty Disability based on the directive from Adam Pollock of Stellus.

b. Plaintiff in good faith attempted to minimize any negative impact of the termination of the SAA on Oasis by seeking to negotiate with Liberty Disability a reduction of the payments required by Section 7.2 and such actions did not result "in material harm to the business or to the reputation of the Company".

134. Plaintiff cannot be terminated for cause under 8(C)(iii) for "intentional failure to perform those legal duties given to Executive by the Board" because

a. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties" as the November 14, 2012 email from Adam Pollock of Stellus was the first time Plaintiff was informed he should cease with activities related disability.

b. That "directive" from Adam Pollock was not "given to Executive by the Board" but only by members of Stellus.

c. Regardless, Plaintiff immediately shut down any further expenditure of resources on disability, including attempts to negotiate a no-payment termination of the SAA, and fired employees who were brought aboard solely related to the disability business.

d. After shutting down disability, including his attempts at terminating the SAA, Plaintiff did not receive "written notice of [any] such failure to perform" by OpCo, which could only be through OpCo's Board, and thus Plaintiff did not "fail to remedy such failure to perform within 30 days after receipt of such written notice" because no such failure to perform notice came from OpCo and Plaintiff was not given 30 days from the June 26th Letter to cure.

2. Plaintiff Did Not "Submit[] and Receive[] Reimbursement for Inappropriate Expenses" and Therefore Did Not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement.

135. The June 26th Letter asserts that Plaintiff received reimbursement for inappropriate expenses, such as excessive expenses for his "personal entertainment", in the form of U.S. Open Tennis tickets, as well as the purchase of golf apparel for another Oasis employee. The allegation is both false and utterly immaterial.

136. Shaw and Stellus well-knew that Plaintiff frequently used tickets to the U.S. Open Tennis in Flushing, New York for client entertainment and business development. Indeed, many hundreds of businesses use tickets to this annual event for the same purpose. This is something that Plaintiff did most years for the 10 years he was at Oasis without complaint.

137. Expense reports for items, such as the U.S. Open tickets, are reviewed by the controller of Oasis, Lou Vena, and approved in each instance by another member of the Board of Managers of Oasis.

138. Plaintiff always had Oasis purchase tickets with the intent of entertaining business contacts. Plaintiff never to his knowledge had Oasis pay for even a single day of the U.S. Open where he ended up not being able to take a business contact (occasionally, clients would cancel or inclement weather caused rescheduling which the client could not accommodate).

139. The June 26th termination letter did not specify any day(s) for which Plaintiff was reimbursed that were improper, no dollar amount was specified, and no opportunity for Plaintiff to review his records or to pay back any erroneous amount reimbursed was provided.

140. Similarly misplaced and factually incorrect is the June 26th Letter's assertion that Plaintiff improperly was reimbursed for female golfing attire purchased for another Oasis employee. In fact, the expenditure (less than $100) was entirely business-related as the purchase was made for Diana Gramenos, an Oasis employee responsible for managing the day-to-day operations of Oasis' Social Security Disability advocacy business line, in an entirely business-related context.

141. The purchase occurred on the day that Plaintiff and Ms. Gramenos were scheduled to discuss the spin-off of the disability business with potential investors Sheridan Advisors and Sutton Park Capital over a round of golf at NCC. Ms. Gramenos, who was not a club member, showed up in a sleeveless golf shirt and was promptly informed that this was not appropriate attire at NCC. She needed clothing deemed appropriate by the Club to play golf. As a result, an appropriate outfit was purchased from the Club so that Ms. Gramenos could participate in the business meeting on the golf course. Plaintiff did not personally benefit from

this expenditure, which was in any event plainly business-related and insignificant in amount.

142. Plaintiff cannot be terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" for the expense reimbursements because:

a. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because the purchase of U.S. Open Tennis Tickets for client entertainment and business development purposes was done in good faith with the intent to promote stronger business relationships and contacts for the Company and such business entertainment is well within the norm for CEOs to partake in. In fact, Shaw even acquired such tickets on Plaintiff's behalf on more than one occasion thereby demonstrating the utter reasonableness of such expenses.

b. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because the purchase of attire required by NCC was necessary to ensure that one of the key participants would actually be able to participate in the meeting with potential investors regarding an investment in Oasis' disability business.

c. The purchase of U.S. Open Tennis tickets did not result "in material harm to the business or to the reputation of the Company" as even at $1000 a ticket, this is a minimal business expense given the total size and revenue of the Company.

d. Nor did the purchase of an outfit from NCC so that a key Oasis employee could participate in a business meeting result "in material harm to the business or to the reputation of the Company" as a roughly one hundred dollar golf outfit is a minimal business expense given the total size and revenue of the Company.

143. Plaintiff cannot be terminated for cause under 8(C)(iii) for "intentional failure to

perform those legal duties given to Executive by the Board" because

a. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties" as there were no legal duties given by the Board vis-à-vis the purchase of U.S. Open tickets or an outfit for a key executive.

b. Furthermore, Plaintiff did not receive written notice of any such failure to perform until the June 26th Letter and Plaintiff did not fail to remedy any such purported failure within 30 days because Plaintiff was terminated effectively immediately by the express terms of the June 26th Letter.

3. Plaintiff Did Not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement through His Activities to Build a Tax Assistance Business for Oasis OpCo.

144. The June 26th Letter claims that Plaintiff failed to timely apprise the Board of a substantial investment in a taxpayer assistance offering called Tax Hornet and that Plaintiff tried to divert any resulting value of Tax Hornet into another venture called Tax Latte. However, the June 26th Letter does not claim that Plaintiff expended further resources on Tax Hornet after the Board directed him to not invest further resources into Tax Hornet.

145. The idea that Oasis should get involved in a complimentary business of tax return assistance was first discussed around 2005 or 2006 to take advantage of Oasis' seasonal slow times.

146. "Tax season" has historically been a time of lower business activity for Oasis because early filers of tax returns (those seeking refunds immediately for cash flow purposes) are less in need of Oasis' services during this time of the year.

147. Plaintiff discussed on numerous occasions with various individuals, including the Stellus Managers and other Oasis Board Members, how best to retask employees from the core

business of litigation funding during this yearly downtime. The decision ultimately was to experiment with tax-related services.

148. Oasis began by assisting clients with tax questions and by helping other individuals (*i.e.* potential clients) through volunteering and other community outreach efforts that intensified during tax season.

149. In around 2010-2011, Oasis entered into a joint venture with Liberty Tax where Oasis' website would provide a link to Liberty Tax so that customers visiting Oasis could engage Liberty Tax's services.

150. Eventually, the decision was made to take this new potential revenue stream in-house. The decision to enter the realm of tax preparation was even suggested by William Blair & Company as a compelling growth opportunity in a presentation given in April 2011 to Oasis.

151. The plan was to roll-out the tax business line in two-phases. Phase One centered on an investment in software that allowed individuals to file a tax extension for a small fee. Phase One required a relatively minimal investment by Oasis. Phase Two would have involved a greater investment to develop software that would allow individuals to conduct online tax preparation, which is more complex than filing an extension.

152. The business was given the name Tax Hornet. The Board formally approved the Phase One investment, and the Phase One offering was moderately successful. The Board ultimately decided not to proceed with Phase Two, and Plaintiff agreed with this decision and implemented the decision.

a. Plaintiff Did Not Ignore A Legal Duty "Given To Him By the Board".

153. Plaintiff began to form a team with expertise in tax around 2011. In a September 13, 2011 email, Plaintiff informed Adam Pollock and Dean D'Angelo that he was looking into

making an offer to a tax industry executive named Danamichele Brennan for the purpose of supporting Oasis' efforts to explore offering a tax preparation product.

154. In an October 24, 2011 email, Plaintiff informed the same two individuals that Ms. Brennan would be focusing on coming up with a tax extension service to offer consumers during the slow season at Oasis of February through April. Thus, Stellus knew of the hiring and the exploration of such a tax preparation business line extension and, in fact, approved it.

155. Stellus and Shaw, in February 2012, thought the tax-related business was such a positive that they chose to highlight it in a Management Presentation provided to potential purchasers of Oasis, including Sherman Financial Group. It is thus clear that the Board agreed with Plaintiff about the growth opportunities the tax preparation business offered Oasis and that the Board approved of the Tax Hornet initiative.

156. For the 2012 tax season, Phase One launched with the introduction of Tax Hornet – a software program that assisted individuals in filing extensions for the filing of tax returns. Oasis' online offering of this software program to consumers lasted that one tax season.

157. Tax Hornet was a modest success but the Stellus Managers declined to go forward with the more substantial investment necessary for Phase Two.

158. Plaintiff followed the Stellus direction to discontinue the tax-related venture.

159. Around late August 2012, Adam Pollock at Stellus had telephone conferences with an attorney at Moore & Van Allen PLLC ("MVA") related to the potential disposition of Tax Hornet.

160. Around early October 2012, Adam Pollock had a telephone conference with an attorney at MVA and the attorney was tasked with the preparation of a Memorandum of Understanding regarding the spinoff of the Tax Hornet business.

161. In the end, no spin-off or investment into Tax Hornet came to fruition and the business line was shuttered.

b. The "Directive" To Cease Activities Related to Tax Hornet Was Not Given to Plaintiff By the Board.

162. As set forth above, any directive to cease further expenditures in Oasis' tax-related business was not given to Plaintiff by the Board as set forth in paragraphs 88-97 above. Plaintiff was given directions by Adam Pollock, one of the managers, and was not given a directive to take action (or refrain from taking action) by the Board of Oasis OpCo. Despite the lack of an actual Board directive, Plaintiff complied with Pollock's direction and did not invest any further resources into Tax Hornet beyond what was approved for Phase One.

c. Plaintiff's Proposed Investment in a Coffee Shop Concept Called "Tax Latte" Was Not Related to Tax Hornet and Was a Proposed Passive Investment and Thus Not Inconsistent with Executive's position with the Company.

163. Around December 2012-January 2013, Plaintiff had a meeting with Phil Tadros of Bowtruss Coffee. Mr. Tadros had successfully partnered with State Farm Insurance to create a financial services-themed cafe called the Good Neighbor Café. Mr. Tadros discussed with Plaintiff the idea of creating a "pop-up" tax-themed café to be open only during tax season. This idea was called Tax Latte, and Plaintiff was intrigued with the idea.

164. However, Tax Latte never went beyond the idea stage. Plaintiff never pursued this or any other similar business concept thereafter even though he was free to do so under his Employment Agreement with Oasis OpCo.

165. Contrary to the June 26th Letter's assertion, at no time were any resources of Oasis used to pursue the Tax Latte concept or any other business with Phil Tadros or Bowtruss Coffee. Tax Hornet, or its related intellectual property, was not anticipated to be part of the Tax

Latte concept which in any event never went beyond the concept stage.

d. Plaintiff Did Not Receive Written Notice of Failure to Perform Nor Did Plaintiff Fail to Remedy Any Purported Failure.

166. The June 26th Letter was the first time Plaintiff received written notice that the Stellus Managers believed he failed to perform his duties of shutting down the tax business or that they were surprised by the amount of the investment (even though the June 26th Letter did not attempt to quantify the investment amount). In addition, that June 26th Letter did not provide Plaintiff with an opportunity to pursue his contractual right to cure within 30 days. Instead, he was terminated effective immediately. In any case, Plaintiff had ceased all tax-related services at Oasis well before the November 14th direction from Mr. Pollock and Plaintiff did not try to misappropriate any of Oasis' tax-related resources for his personal gain.

c. Plaintiff Did Not Act in Bad Faith or Without Reasonable Belief that His Actions Were in the Best Interests of the Company.

167. Plaintiff reasonably believed that the entry into the tax preparation arena was a potential growth opportunity for Oasis and a way to retask employees during this historical downtime.

168. The Tax Hornet idea was even touted in presentations to potential investors given by the Management of Oasis in February 2012 as a growth opportunity. Plaintiff at all times was trying to grow Oasis and enhance Oasis' profitability.

f. Plaintiff's Actions Did Not Result in Material Harm to the Business or Reputation of the Company.

169. Oasis made an investment of around $300,000 in its tax business, all of which Stellus knew of and approved. This amount is not a material amount given the overall size and value of Oasis. Therefore, Plaintiff's actions of starting the tax business did not result in material

harm to the Company.

170. Nor did the Stellus Managers identify in the June 26th Letter any reputational harm caused by Oasis entering the tax business.

g. Plaintiff Did Not Receive Written Notice of Termination for Cause which Specified in Detail the Particular Actions or Inactions Giving Rise to Termination for Cause.

171. Plaintiff's Employment Agreement specifically required that he receive written notice of termination for cause which specified in detail the particular actions giving rise to termination. The June 26th Letter does not meet this standard as it is vague in terms of the nature or extent of any purported harm nor does it identify any substantiating evidence (documents or testimony) to support the trumped up charges against Plaintiff.

4. Plaintiff Did Not Have an Oasis Employee Perform Personal Work for Plaintiff and Even if He Did It Would not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement.

172. The June 26th Letter claims that Plaintiff used Company resources for his own personal use by having employees perform Plaintiff's personal work. In particular, the Letter accused Plaintiff of hiring attorney Vildana Kujundjic as an employee without consulting the Board; and had further accused Plaintiff of improperly having Ms. Kujundjic work on Plaintiff's dispute regarding his personal investment in the Spider-Man musical.

173. Ms. Kujundjic's hiring was entirely proper. Lisa Foreman, who had been the General Counsel for Oasis OpCo since around 2006, eventually went to part-time status, and Vildana Kujundjic was hired by Plaintiff to serve as an additional in-house attorney to assist, and eventually replace, Ms. Foreman. At no time prior to the July 26, 2013 Letter did the Board object to Kujundjic's hiring.

174. Plaintiff had explicit authority to hire Ms. Kujundjic as Section 5.10(c) of

HoldCo's Operating Agreement permitted Plaintiff to hire an employee without Board approval whose salary was less than $150,000. Plaintiff did not need Board permission to hire Ms. Kujundjic because her salary was in fact less than $150,000. Plaintiff not only had authority to hire her, he in good faith believed there was a business need to hire her.

175. Nor did Plaintiff use Ms. Kujundjic to perform personal work for Plaintiff, who was a passive investor in the now-defunct Spider-Man musical.

176. Plaintiff hired, at his own costs, two law firms to assist him in obtaining financial records regarding his investment in the financially troubled musical production. Those firms were Lewis & Roca and Foreman Friedman.

177. Lewis & Roca previously performed legal work for Oasis related to litigation surrounding Oasis' investment in the Jersey Boys musical.

178. Elliot Wiczer was an attorney who had also performed work on Oasis' behalf. Mr. Wiczer subsequently sold his practice to and was working for Foreman Friedman.

179. Plaintiff asked Ms. Kujundjic to quickly look into whether Plaintiff's personal retention of the two law firms would create an issue given the prior work the two firms performed on behalf of Oasis. This was work that was Oasis-related.

180. Ms. Kujundjic concluded there was no conflict and Plaintiff engaged these two law firms to represent him, and he has the bills to prove that he paid for his own representation in connection with the Spider-Man musical dispute.

181. Plaintiff cannot be terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" related to Ms. Kujundjic because:

a. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because the hiring of

Kujundjic was done in good faith to further provide in-house legal support to the Company, and such hiring was within the authority specifically granted to Plaintiff.

b. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because running a conflict check is a routine matter of sound business practices to ensure a lack of conflict between Plaintiff and the Company and Plaintiff thought it was prudent to do so in this instance.

c. The hiring of Ms. Kujundjic did not result "in material harm to the business or to the reputation of the Company" as there have been no allegations that Ms. Kujundjic was not qualified to perform or has been derelict in her performance of her duties as an in-house attorney and her salary was not out of the ordinary and within the hiring authority threshold given to Plaintiff as set forth in the Operating Agreement.

d. Whatever time Ms. Kujundjic spent briefly reviewing the Spider-Man file and performing a conflict check for Oasis did not result "in material harm to the business or to the reputation of the Company" as Ms. Kujundjic spent at most a few hours looking into the issue and there is no evidence she neglected other assignments due to the completion of the conflict check.

182. Plaintiff cannot be termination for cause under 8(C)(iii) for "intentional failure to perform those legal duties given to Executive by the Board" because

a. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties" as there were no legal duties given by the Board vis-à-vis the hiring of Ms. Kujundjic or the performance of a conflicts check.

b. Plaintiff did not receive written notice of any such failure to perform because the June 26th Letter was the first time the hiring of Ms. Kujundjic or the performance of

the conflict check was ever mentioned to Plaintiff as being an issue or concern.

c. Because the June 26th Letter terminated Plaintiff effective immediately, Plaintiff was not given an opportunity to remedy any such purported failure within 30 days.

5. Plaintiff Did Not Violate Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement Through His Hiring and Compensation Determinations as CEO of OpCo.

183. The June 26th Letter claims that Plaintiff had engaged in unapproved use of "unconventional compensation methods" of an Alliance for Responsible Consumer Legal Funding (ARC) employee and of hiring an employee into a crucial position despite knowledge of multiple criminal convictions. The allegation is baseless, it was remediable if notice had been given, and its implications were immaterial.

184. Plaintiff and Oasis were among the founding members of ARC, which is a trade association and an alternative to the American Legal Finance Association (ALFA).

185. ARC's activities are funded through dues payments made by contributing members. When there is a budget shortfall, Oasis has covered the shortfall and subsidized the activities of ARC, because of the importance of lobbying efforts undertaken by ARC on behalf of its members. Oasis' business of consumer legal funding was always the potential subject of regulation at the federal and state level, and ARC was an important tool in educating legislators and regulators of the position of Oasis and other industry participants.

186. Amy Au was both the President of ARC as well as an in-house counsel for Oasis OpCo.

187. Eric Schuller was the Executive Director of ARC. He was, and still is, the Director of Government and Community Affairs at Oasis OpCo.

188. Plaintiff can only assume, because the June 26th Letter failed to specify, that the

Board took issue with the salaries of Ms. Au and Mr. Schuller being paid by both Oasis and ARC.

189. Because Amy Au and Eric Schuller split their time between Oasis and ARC, ARC paid the portion of their salaries related to time spent on activities for ARC with the rest of their salaries paid by Oasis. There is nothing particularly unconventional or unusual about such an arrangement as the members of ARC can only be asked, in good faith, to bear the costs of employees for the time they spent on ARC activities. There is nothing untoward or unconventional about this practice nor is there any proof that any dues paying member of ARC objected to this practice.

190. As for the employee with multiple criminal convictions, again, Plaintiff can only assume the identity of that individual, as that individual did disclose on his employment application that he had been convicted of a misdemeanor for floating a check some 10 years prior. The applicant had sterling references and Plaintiff investigated the relevance of the conviction, ultimately concluding this person, who Plaintiff hired, was retired military and had recently worked for the Lt. Governor of Illinois and was recommended by the former Illinois Comptroller Judy Barr-Topinka, should be hired. Indeed, this individual came highly recommended by various members of both political parties in Illinois and he provided a reasonable explanation for the misdemeanor which checked out.

191. Given the explanation for the misdemeanor, his prior work history, and the impressive recommendations, Plaintiff was comfortable hiring this employee.

192. Plaintiff had explicit authority pursuant to Section 5.10(c) of HoldCo's Operating Agreement to hire this employee because his salary was less than $150,000.

193. There is no written policy of Oasis which prevents Plaintiff, or any other

Manager, from hiring someone with a prior criminal conviction.

194. Nor is it the practice of the Company to never hire individuals with a prior criminal history as other employees with misdemeanors on their record have been hired in various other positions in the Company.

195. Plaintiff cannot be terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" because:

a. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because paying a portion of an Oasis employee's salary through ARC for time spent directly on ARC activities was logical and it appropriately allocated expenses to the relevant parties.

b. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because hiring someone with a single, decade old misdemeanor who was retired military, recently worked for the Lt. Governor, and came highly recommended was reasonable in light of his credentials.

c. The payment of a portion of employees' salaries by ARC for time spent performing services for ARC did not result "in material harm to the business or to the reputation of the Company" as no dues paying members of ARC has complained about this proper allocation of expenses nor could the minor amounts of the salaries be material given the given the total size and revenue of the Company or the expenses of ARC.

d. The hiring of an employee with a prior misdemeanor conviction did not result "in material harm to the business or to the reputation of the Company" as he is still employed by Oasis, which thereby demonstrates he was competent to handle the job and his presence in a high-profile position means his misdemeanor conviction did not harm either his or

Oasis' reputation.

196. Plaintiff cannot be termination for cause under 8(C)(iii) for "intentional failure to perform those legal duties given to Executive by the Board" because

a. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties" as there were no legal duties given by the Board vis-à-vis the allocation of salary between Oasis and ARC or the hiring of the employee with a misdemeanor conviction.

b. Plaintiff did not receive written notice of any such failure to perform because the June 26th Letter was the first time the splitting of salaries between ARC and Oasis or the hiring of the individual with a misdemeanor conviction were ever mentioned to Plaintiff as being an issue or concern.

c. Because the June 26 Letter terminated Plaintiff effective immediately, Plaintiff was not given an opportunity to remedy any such purported failure within 30 days.

6. Plaintiff Could Not Have Violated Sections 8(C)(ii) and 8(C)(iii) of the Employment Agreement While He Was Suspended.

197. Despite the witch hunt and attempts to fabricate a basis for his termination, Plaintiff did cooperate and comply with the May 3rd Suspension Letter.

198. Plaintiff ceased coming to the office, limited his communications to those that were absolutely necessary, and has photographic proof that he returned the Company's property.

199. Nevertheless, any purported failure to comply with the May Suspension Letter cannot be the basis for termination for cause as set forth in the June Termination Letter as nothing in the Employment Agreement required Plaintiff to participate in the farce "investigation" by a "Special Committee" of a "Board" of Oasis **HoldCo**, which wasn't even his employer. Plaintiff was placed between the proverbial rock and a hard place.

200. Moreover, the Stellus Managers wanted Plaintiff to return any documents and

communications in his possession despite the fact that he wasn't terminated, but only "suspended". This was nothing more than a blatant attempt to deprive Plaintiff of a right to formulate a defense and contrary to the express terms of the Employment Agreement, which provided that "[n]othing contained in this [Employment] Agreement shall in any way restrict or impair Executive's [Plaintiff's] right to use or disclose any Confidential Information which: .... (d) ... as necessary to establish the rights of either party under this Agreement." (Section 10.)

201. Plaintiff cannot be terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" because:

a. Plaintiff did not act "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company" because he did comply with the reasonable requests of the May 3rd Letter while properly protecting his legal interests.

b. Any purported failure to comply with the May Suspension Letter did not result "in material harm to the business or to the reputation of the Company" as there is no proof of any material financial impact or negative effect on the Company's reputation. To the contrary, it was Plaintiff's reputation that was harmed by the activities of the Stellus Managers, who informed employees, vendors, customers and its bankers that Plaintiff was terminated, falsely telling some of these parties that Plaintiff was engaged in malfeasance, and by trumping up charges that purported to justify his termination.

202. Plaintiff cannot be termination for cause under 8(C)(iii) for "intentional failure to perform those legal duties given to Executive by the Board" because

a. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties" as he reasonably complied with the requests in the May 3rd Letter but was not obligated to participate in the farce of his termination.

b. Plaintiff did not receive written notice of any such failure to perform because the June 26th Letter was the first time the purported lack of compliance with the May 3rd Letter was ever mentioned to Plaintiff as being an issue or concern.

c. Because the June 26 Letter terminated Plaintiff effective immediately, Plaintiff was not given an opportunity to remedy any such purported failure within 30 days.

CAUSES OF ACTION

COUNT I – DECLARATORY JUDGMENT (Matters Related to Termination) (AGAINST OASIS OPCO)

203. Plaintiff repeats and realleges Paragraphs 1 through 202 as if fully set forth herein.

204. A written agreement exists related to Plaintiff's employment by Oasis OpCo.

205. The Employment Agreement is a valid and enforceable contract.

206. Plaintiff has performed, or has been excused from performing, any and all of his obligations under the Employment Agreement, and all conditions precedent to his rights under the Employment Agreement have occurred or otherwise been excused.

207. Plaintiff's termination was not effective on June 26, 2013. Instead, Plaintiff was effectively terminated on May 3, 2013 when he was suspended by the Special Committee of Oasis HoldCo because he was stripped of all duties and was not paid during this period.

208. Even if Plaintiff was terminated only as of June 26, 2013, he was not terminated for cause as defined by the Employment Agreement because none of the allegations set forth in the June 26th Letter meet the high standards negotiated by Plaintiff.

209. Because Plaintiff was not terminated for cause, the Employment Agreement calls for a severance obligation of payment of three years base salary and the continuation of medical and life insurance benefits. In the latest amendment to the Employment Agreement in October

24, 2011, Plaintiff's base salary was $557,500 plus annual increases based on CPI.

210. An actual controversy exists over (i) the actual date of termination, (ii) whether Plaintiff was terminated for cause, and (iii) if not terminated for cause, the calculation of the severance amount.

211. A declaratory judgment is proper to declare the rights and obligations of Plaintiff and Oasis OpCo.

WHEREFORE, by reason of the foregoing, Plaintiff seeks a binding declaration by the Court that:

A. Plaintiff was terminated as of May 3, 2013 when he was suspended without pay by the Special Committee of Oasis HoldCo.

B. Plaintiff was not terminated for cause under 8(C)(ii) for "willful neglect or willful misconduct" of the Employment Agreement because

1. None of the alleged acts or omissions identified in the June 26, 2013 Letter were done by Plaintiff "in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company",

2. Even if such acts or omissions were in bad faith, that none of the acts or omissions resulted "in material harm to the business or to the reputation of the Company", and

3. The June 26, 2013 Letter did not constitute "written notice of termination for Cause ... which specifies in detail the particular action(s) or inaction(s) giving rise to termination for cause" because it was from the wrong entity, Oasis HoldCo and not Oasis OpCo, and it did not provide any details about the purported malfeasance.

C. Plaintiff was not terminated for cause under 8(C)(iii) for "intentional failure to

perform those legal duties given to Executive by the Board" of the Employment Agreement because:

1. Plaintiff did not "intentional[ly] fail[] to perform [] legal duties";

2. In any event, none of the purported duties identified in the June 26, 2013 Letter were "given to Executive by the Board" because it came from Oasis HoldCo and not Oasis OpCo;

3. Plaintiff could not have violated the terms of his Employment Agreement by investigating potential passive investments in businesses that, had the investments been made, would have pursued lines of business that were wholly unrelated to the ongoing business of Oasis, because passive investments could not have materially diverted his business-day attention from Oasis, and Oasis' effort to characterize the investigation of such passive investments as Plaintiff ignoring "legal duties" to the Company fails to establish a basis for a for cause termination;

4. Any "written notice of such failure to perform" was not given by OpCo's Board but instead by the Special Committee of Managers of HoldCo;

5. Plaintiff did not "fail to remedy such failure to perform within 30 days after receipt of such written notice" from OpCo because there was no such written notice and no opportunity to cure after receipt of the June 26, 2013 Letter which made termination effective immediately; and

6. The June 26, 2013 Letter did not constitute "written notice of termination for Cause ... which specifies in detail the particular action(s) or inaction(s) giving rise to termination for cause" because there was a lack of detail and evidence to support the trumped up charges.

COUNT II – DECLARATORY JUDGMENT (Special Units)
(AGAINST OASIS OPCO AND OASIS HOLDCO)

212. Plaintiff repeats and realleges Paragraphs 1 through 202 as if fully set forth herein.

213. A written agreement exists related to Plaintiff's Special Units in Oasis HoldCo.

214. The written agreement is a valid and enforceable contract.

215. Plaintiff has performed, or has been excused from performing, any and all of his obligations under the Employment Agreement. Importantly, nothing in the agreement providing the Special Units conditions their retention upon continued employment with Oasis.

216. A potential sale is likely to occur in the near future because, upon information and belief, Oasis has entered into an exclusivity period with a prospective purchaser, which is frequently the prelude to a sale. The Company is being actively marketed by an investment banker. The Company's obligations under the written agreement to compensate Plaintiff for his Special Units will be triggered by any sale of at least 51% of Oasis HoldCo.

217. Plaintiff, a minority shareholder, has not been made privy to these proceedings and has not been informed of the financial details of any proposed transaction.

218. Defendant has attempted to deny Plaintiff's his contractual rights vis-à-vis his Employment Agreement and has not confirmed in writing its intentions regarding the Special Units.

219. An actual controversy exists over whether Plaintiff retains ownership of the Special Units in Oasis HoldCo which were previously issued to him.

220. A declaratory judgment is proper to declare the rights and obligations of Plaintiff and Oasis OpCo.

WHEREFORE, by reason of the foregoing, Plaintiff seeks a binding declaration by the

Court that:

A. The written agreement regarding the Special Units in Oasis HoldCo is a valid and enforceable contract;

B. Plaintiff has performed, or has been excused from performing, any and all of his obligations under the aforementioned agreement; and

C. That if, and when, Oasis is sold, that Oasis must pay Plaintiff the value of his Special Units as calculated by the formula set forth in the contract.

COUNT III – DECLARATORY JUDGMENT (2012 Bonus)
(AGAINST OASIS OPCO)

221. Plaintiff repeats and realleges paragraphs 1 through 202 as if fully set forth herein.

222. Plaintiff had a written agreement with Oasis OpCo dated October 24, 2011 which established Plaintiff's performance bonuses for Fiscal Years 2011, 2012 and 2013.

223. The agreement provided that Plaintiff would earn a bonus of one-half of his CPI adjusted 2012 salary if the Company met or exceeded a targeted level of EBITDA earned by the Company.

224. The June 22, 2012 Oasis Legal Finance Board Call discussed at Attachment k a Budget which established an EBITDA target of $14,643,997 for 2012. This EBITDA number was agreed as the target amount for 2012 by Plaintiff and the others Managers on the Board during the course of the June 22, 2012 Board Call.

225. At the end of 2012, the Company earned an EBITDA of $14,809,545 which exceeded the targeted EBITDA number by over $150,000. Plaintiff thus met the condition for the bonus and having met that condition, his right to the bonus was not discretionary and he was due and remains owed a bonus in the amount of $288,356.75.

226. An actual controversy exists as to Plaintiff's entitlement to the 2012 bonus as

Plaintiff maintains he met the conditions for the bonus and the Company insists he did not meet the conditions and has refused to pay the bonus for 2012.

227. A declaratory judgment is proper to declare the rights and obligations of the parties.

WHEREFORE, by reason of the foregoing, Plaintiff seeks a binding declaration by the Court that:

A. The target EBITDA for 2012 was set by mutual agreement during the June 22, 2012 Board Call;

B. That the Company in 2012 had earnings which exceeded the target EBITDA; and

C. That the conditions precedent having been satisfied, Oasis OpCo is legally obligated to pay Plaintiff one-half of his CPI adjusted 2012 salary ($288,356.75) as his bonus for 2012.

COUNT IV - VIOLATION OF THE ILLINOIS WAGE PAYMENT AND COLLECTIONS ACT
(AGAINST OASIS OPCO AND OASIS HOLDCO)

228. Plaintiff repeats and realleges Paragraphs 1 through 202 as if fully set forth herein.

229. Oasis OpCo is an "employer" as defined under the Illinois Wage Payment and Collections Act (the "Wage Payment Act"), 820 ILCS 115/1 *et. seq.*, in that it is a company that, at all relevant times to this Complaint, made wage payments for work undertaken by its own employees. 820 ILCS 115/2.

230. Pursuant to the Wage Payment Act, Plaintiff is entitled, among other things, to be paid "final compensation" due him. 820 ILCS 115/5. "Final compensation" includes "wages, salaries, earned commissions, earned bonuses, and the monetary equivalent of earned vacation

and earned holidays, and any other compensation owed the employee by the employer pursuant to an employment contract or agreement between the 2 parties." 820 ILCS 115/2.

231. Plaintiff is due final compensation, including but not limited to, (i) the lump sum of three years severance in the amount of $1,759,552.89, plus (ii) the three years of medical insurance premiums and three years of life insurance premiums and (iii) the sixty days pay he is due under the notice period in the amount of $ 96,413.86, and (iv) a bonus for the 2012 fiscal year of $288,356.75, which represents one-half of Plaintiff's CPI adjusted 2012 salary from Oasis OpCo, which Oasis OpCo refuses to pay in violation of the Wage Payment Act.

232. Plaintiff earned the 2012 bonus by virtue of Oasis meeting the EBITDA target set by the Company on June 22, 2012 in the amount of $14,643,997. The actual 2012 EBITDA was $14,809,545 – more than $150,000 above the target number.

233. By reason of the foregoing, Oasis OpCo has violated Section 5 of the Wage Payment Act. 802 ILCS 115/5.

234. Oasis HoldCo is the parent of Oasis OpCo and it is the entity that purported to terminate Plaintiff's employment. As such, Oasis HoldCo acted as an agent of Oasis OpCo and Oasis HoldCo has knowingly permitted Oasis OpCo to violate the Wage Payment Act, and not merely by virtue of Oasis HoldCo's supervisory or managerial authority. Accordingly, Oasis HoldCo is deemed to be Plaintiff's employer and, therefore, subject to individual liability for violation of the Wage Payment Act. 802 ILCS 115/13.

235. Plaintiff has suffered, and continues to suffer, damages by reason of Oasis OpCo's and Oasis HoldCo's violations of the Wage Payment Act.

WHEREFORE, by reason of the foregoing, Plaintiff seeks the entry of judgment in his favor and against Oasis OpCo and Oasis HoldCo as follows:

A. Awarding compensatory damages of severance in an amount to be determined at the trial herein equal to (i) the lump sum of three years severance in the amount of $1,759,552.89; (ii) the three years of medical insurance premiums and three years of life insurance premiums; (iii) the sixty days pay he is due under the notice period in the amount of $96,413.86; and (iv) a bonus for the 2012 fiscal year of $288,356.75, plus (v) damages of 2% of the amount of any such underpayments for each month following the date of payment during which such underpayments remain unpaid pursuant to 820 ILCS 115/14(a);

B. Awarding Plaintiff his attorneys' fee pursuant to 820 ILCS 115/14(a);

C. Awarding pre-judgment interest and costs;

D. To the extent that the Company fails to pay Plaintiff the amounts due him within fifteen (15) days of entry of an Order requiring it to do so, awarding Plaintiff a penalty of 1% per calendar day of the amount found owing for each day of delay in paying such wages to the employee pursuant to 820 ILCS 115/14(b); and

E. Awarding such other and further relief as is appropriate.

COUNT V – BREACH OF CONTRACT
(AGAINST OASIS OPCO)

236. Plaintiff repeats and realleges Paragraphs 1 through 202 as if fully set forth herein.

237. The Employment Agreement is a valid and enforceable contract.

238. Plaintiff earned the 2012 bonus by virtue of Oasis meeting the EBITDA target set by the Company on June 22, 2012 in the amount of $14,643,997. The actual 2012 EBITDA was $14,809,545 – more than $150,000 above the target number.

239. Plaintiff has performed, or has been excused from performing, any and all of his obligations under the Employment Agreement, and all conditions precedent to his rights under

the Employment Agreement have occurred or otherwise been excused.

240. As set forth above, Oasis OpCo has breached the Employment Agreement.

241. Plaintiff has suffered, and continues to suffer, damages by reason of Oasis OpCo's breach of the Employment Agreement.

WHEREFORE, by reason of the foregoing, Plaintiff seeks the entry of judgment in his favor and against the Company as follows:

A. Awarding compensatory damages of severance in an amount to be determined at the trial herein equal to (i) the lump sum of three years severance in the amount of $1,759,552.89; (ii) the three years of medical insurance premiums and three years of life insurance premiums; (iii) the sixty days pay he is due under the notice period in the amount of $96,413.86; and (iv) a bonus for the 2012 fiscal year of $288,356.75;

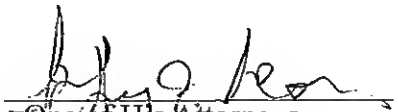
B. Awarding pre-judgment interest and costs; and

C. Awarding such other and further relief as is appropriate.

DATED: July 15, 2016

Respectfully submitted,

GARY D. CHODES
Plaintiff

By: 
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VERIFICATION

I, Gary D. Chodes, under penalties as provided by law pursuant to Section 5/1-109 of the Illinois Code of Civil Procedure, certifies that the statements set forth in **PLAINTIFF'S VERIFIED COMPLAINT FOR DECLARATORY JUDGMENT AND DAMAGES**, are true and correct, except as to those matters therein stated to be on information or belief, and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

GARY D. CHODES
Plaintiff